

U.S. ports name security, funding as main concerns for 2006 budget

February 9, 2005

U.S. ports said they are deeply concerned about the recommended elimination of the Department of Homeland Security's Port Security Grant Program in the Administration's requested Fiscal Year 2006 federal budget, released this week.

In the proposed FY'06 federal budget, the Administration would eliminate the Port Security Grant Program, which Congress created after 9/11 to reimburse U.S. maritime facilities for pre-approved projects required by federal regulations to enhance national security.

In its place would be the newly-created Targeted Infrastructure Protection program that would lump grant proposals from ports together with requests from a host of other transportation-related industries.

Ports are also concerned the proposed budget would significantly under-fund the U.S. Army Corps of Engineers' Civil Works program and needed deep-draft dredging projects.

"Protecting America's marine facilities from acts of terrorism must be a top Administration priority and a shared responsibility between the ports, government and private industry," said Kurt Nagle, president and CEO of the American Association of Port Authorities (AAPA).

"Another top Administration priority must be to adequately fund the U.S. Army Corps of Engineers to keep the nation's deep-draft navigation maintenance projects on schedule, ensure existing construction isn't delayed, and allow some of the dozens of already-approved new construction projects to finally get started."

Since 2002, the DHS's Port Security Grant Program has provided much-needed support to address immediate security needs and assessments. But federal money allocated in the first four rounds of the program- about \$565 million- accounted for only about one-sixth of what seaports identified as needs, while a fifth round of grants totaling \$150 million has yet to be made available to ports.

At the same time, the U.S. Coast Guard has estimated that ports would have to spend \$5.4 billion over ten years on mandated security enhancements. That's on top of the more than \$3 billion they already spend annually on infrastructure improvements and operations, maintenance and personnel expenses just to keep pace with burgeoning world trade.

For FY'06, AAPA said it urges appropriations of \$735 million for deep-draft navigation operations and maintenance (O&M), at least \$500 million for deep-draft construction, and \$10 million for new project studies. That compares with the Administration's request

of \$607 million for harbor and channel O&M, \$260 million for continuing construction and \$7 million for studies. Although the FY'06 revenue into Harbor Maintenance Trust Fund, which funds O&M projects, is projected to exceed \$1 billion, far less would be spent and the current \$2.6 billion fund surplus would continue to increase.